

# **United Community Action Network**

**Financial Statements  
Years Ended June 30, 2020 and 2019  
with  
Independent Auditor's Report**



**Certified Public Accountants, LLP**  
audit | tax | advisory | wealth management | cfo

# United Community Action Network

Year Ended June 30, 2020

---

## BOARD OF DIRECTORS

### ELECTED OR APPOINTED PUBLIC OFFICIALS

TOM KRESS  
Douglas County, OR..... Member

GARY LEIF  
Douglas County, OR..... Member

SHAWN MARTINEZ (designee for Lily Morgan)  
Josephine County, OR ..... Member

JENN SEARLE (designee for Kate Dwyer)  
Josephine County, OR ..... Member

VACANT  
Josephine County, OR ..... Member

### LOW INCOME REPRESENTATIVES

PATRICIA ATTAWAY  
Douglas County, OR..... Vice Chair

SHARON BROWN  
Douglas County, OR..... Member

CHELSEA McLAUGHLIN  
Douglas County, OR..... Member

ANNA WEAVER  
Josephine County, OR ..... Member

### COMMUNITY REPRESENTATIVES

MATT BRAUSAM  
Douglas County, OR..... Vice Chair

ERIC DAHLIN  
Josephine County, OR ..... Member

BRANDI FIELDS  
Josephine County, OR ..... Member

SUSAN FISCHER-MAKI  
Josephine County, OR ..... Chair

# United Community Action Network

Years Ended June 30, 2020 and 2019

---

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Cash Flows	6
Statements of Functional Expenses	7 - 8
Notes to Financial Statements	9 - 24
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards</b>	25 - 26
<b>Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance</b>	27 - 28
<b>Schedule of Expenditures of Federal Awards</b>	29 - 31
<b>Notes to Schedule of Expenditures of Federal Awards</b>	32
<b>Schedule of Findings and Questioned Costs</b>	33



841 O'Hare Parkway, Ste. 200  
Medford, OR 97504

P: 541.773.6633  
F: 541.773.1965  
KDPLLP.COM

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Community Action Network

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Community Action Network (UCAN), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Community Action Network as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in *Note 1* to the financial statements, the 2019 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report April 26, 2021, on our consideration of United Community Action Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Community Action Network's internal control over financial reporting and compliance.

Jeny Grupe, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
April 26, 2021

**United Community Action Network**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 1,393,399	\$ 411,448
Restricted cash - capital projects	156,500	438,496
Accounts receivable	-	10,000
Contracts/grants receivable	2,733,481	2,188,612
Prepaid expenses and other assets	48,592	28,224
Inventory	392,593	220,270
Total current assets	<u>4,724,565</u>	<u>3,297,050</u>
Non-current assets:		
USDA reserve cash	52,394	52,394
Property and equipment:		
Land	2,436,769	2,436,769
Buildings and building improvements	17,620,962	14,959,072
Leasehold Improvements	60,169	80,669
Furniture, fixtures and equipment	1,209,948	1,175,431
Vehicles	1,059,024	1,545,429
Construction in process	-	2,341,982
Total property and equipment	22,386,872	22,539,352
Less: accumulated depreciation	<u>(7,245,917)</u>	<u>(7,151,697)</u>
Total property and equipment (net)	<u>15,140,955</u>	<u>15,387,655</u>
Total non-current assets	<u>15,193,349</u>	<u>15,440,049</u>
Other assets:		
Beneficial interest in assets held by Community Foundation	12,898	63,259
<b>TOTAL ASSETS</b>	<u><u>\$ 19,930,812</u></u>	<u><u>\$ 18,800,358</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 505,929	\$ 950,487
Accrued payroll and payroll taxes	809,175	712,293
Accrued employee paid time off	222,043	205,172
Refundable deposits	44,911	46,975
Accrued interest payable	20,013	20,013
Current portion of long-term notes payable	805,468	25,579
Total current liabilities	<u>2,407,539</u>	<u>1,960,519</u>
Long-term liabilities:		
Notes payable - long term (net of current portion)	<u>2,143,449</u>	<u>1,175,717</u>
<b>TOTAL LIABILITIES</b>	<u>4,550,988</u>	<u>3,136,236</u>
Net assets:		
Without donor restrictions	13,398,456	14,335,330
With donor restrictions	<u>1,981,368</u>	<u>1,328,792</u>
<b>TOTAL NET ASSETS</b>	<u>15,379,824</u>	<u>15,664,122</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 19,930,812</u></u>	<u><u>\$ 18,800,358</u></u>

**United Community Action Network  
Statement of Activities  
Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Government agencies	\$ -	\$ 17,512,849	\$ 17,512,849
Contributions and United Way	-	309,874	309,874
Private agencies	-	430,862	430,862
USDA food	-	1,045,714	1,045,714
In-kind services and facilities use	-	411,988	411,988
OFB food share	-	423,048	423,048
Program earned revenues	2,129,893	-	2,129,893
Commodities and food sales	195,828	-	195,828
Interest income	23	-	23
Gain on disposal of assets	9,382	-	9,382
Miscellaneous	4,697	-	4,697
<b>Total revenue and support</b>	<b>2,339,823</b>	<b>20,134,335</b>	<b>22,474,158</b>
Net assets released from restriction:			
Satisfaction of program purpose restrictions	19,481,398	(19,481,398)	-
<b>Total release from restriction</b>	<b>19,481,398</b>	<b>(19,481,398)</b>	<b>-</b>
<b>Total</b>	<b>21,821,221</b>	<b>652,937</b>	<b>22,474,158</b>
<b>EXPENSES</b>			
Program services:			
Child services	6,742,197	-	6,742,197
Transportation	2,235,498	-	2,235,498
Food programs	1,913,338	-	1,913,338
Energy services	2,403,813	-	2,403,813
Weatherization	1,261,025	-	1,261,025
Case management	3,418,067	-	3,418,067
Property management	975,703	-	975,703
Volunteer services	969,605	-	969,605
<b>Total program expenses</b>	<b>19,919,246</b>	<b>-</b>	<b>19,919,246</b>
Supporting services:			
Management and general	2,118,205	-	2,118,205
<b>Total supporting services</b>	<b>2,118,205</b>	<b>-</b>	<b>2,118,205</b>
<b>Total expenses</b>	<b>22,037,451</b>	<b>-</b>	<b>22,037,451</b>
<b>Operating income (loss)</b>	<b>(216,230)</b>	<b>652,937</b>	<b>436,707</b>
Nonoperating income (loss)			
Contribution of fixed assets	(720,644)	-	(720,644)
Change in value of assets held by Community Foundation	-	(361)	(361)
<b>Total nonoperating income (loss)</b>	<b>(720,644)</b>	<b>(361)</b>	<b>(721,005)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(936,874)</b>	<b>652,576</b>	<b>(284,298)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>14,335,330</b>	<b>1,328,792</b>	<b>15,664,122</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 13,398,456</b>	<b>\$ 1,981,368</b>	<b>\$ 15,379,824</b>

**United Community Action Network  
Statement of Activities  
Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Government agencies	\$ -	\$ 15,452,993	\$ 15,452,993
Contributions and United Way	-	270,701	270,701
Private agencies	-	442,204	442,204
USDA food	-	466,628	466,628
In-kind services and facilities use	-	288,667	288,667
OFB food share	-	719,903	719,903
Program earned revenues	2,483,818	-	2,483,818
Commodities and food sales	229,763	-	229,763
Interest income	212	-	212
Gain on disposal of assets	122,806	-	122,806
Miscellaneous	18,277	-	18,277
<b>Total revenue and support</b>	<b>2,854,876</b>	<b>17,641,096</b>	<b>20,495,972</b>
Net assets released from restriction:			
Satisfaction of program purpose restrictions	19,315,054	(19,315,054)	-
<b>Total release from restriction</b>	<b>19,315,054</b>	<b>(19,315,054)</b>	<b>-</b>
<b>Total</b>	<b>22,169,930</b>	<b>(1,673,958)</b>	<b>20,495,972</b>
<b>EXPENSES</b>			
Program services:			
Child services	6,112,676	-	6,112,676
Transportation	2,136,850	-	2,136,850
Food programs	1,653,301	-	1,653,301
Energy services	2,546,701	-	2,546,701
Weatherization	910,611	-	910,611
Case management	3,297,915	-	3,297,915
Property management	968,990	-	968,990
Volunteer services	851,883	-	851,883
<b>Total program expenses</b>	<b>18,478,927</b>	<b>-</b>	<b>18,478,927</b>
Supporting services:			
Management and general	2,076,124	-	2,076,124
<b>Total supporting services</b>	<b>2,076,124</b>	<b>-</b>	<b>2,076,124</b>
<b>Total expenses</b>	<b>20,555,051</b>	<b>-</b>	<b>20,555,051</b>
<b>Operating income (loss)</b>	<b>1,614,879</b>	<b>(1,673,958)</b>	<b>(59,079)</b>
Nonoperating income (loss)			
Change in value of assets held by Community Foundation	-	3,733	3,733
<b>Total nonoperating income (loss)</b>	<b>-</b>	<b>3,733</b>	<b>3,733</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,614,879</b>	<b>(1,670,225)</b>	<b>(55,346)</b>
<b>NET ASSETS AT BEGINNING OF YEAR, AS RESTATED</b>	<b>12,720,451</b>	<b>2,999,017</b>	<b>15,719,468</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 14,335,330</b>	<b>\$ 1,328,792</b>	<b>\$ 15,664,122</b>



**United Community Action Network  
Statements of Cash Flows  
Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (284,298)	\$ (55,346)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	674,654	582,747
Non-cash asset additions	-	(9,500)
Contribution of fixed assets	720,644	-
(Gain)/loss on sale of assets	(9,382)	(97,545)
Unrealized (gain)/loss in value of beneficial interest in OCF	361	(3,733)
(Increase) decrease in current assets:		
Accounts receivable	10,000	5,278
Contracts/grants receivable	(544,869)	(335,575)
Inventory	(172,323)	(19,858)
Prepaid expenses and other assets	(20,368)	(5,466)
Increase (decrease) in current liabilities:		
Accounts payable	(444,558)	463,800
Accrued payroll and payroll taxes	96,882	(7,576)
Accrued vacation payable	16,871	496
Refundable deposits	(2,064)	2,855
Net cash provided (used) by operating activities	41,550	520,577
<b>Cash flows from investing activities:</b>		
Proceeds from distribution of principal from OCF	50,000	-
Proceeds from sale of property and equipment	9,382	134,633
Purchases of property and equipment	(1,148,598)	(2,140,241)
Net cash used by investing activities	(1,089,216)	(2,005,608)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of long-term debt	1,770,600	273,750
Payment on pledges restricted for long term investment	-	29,552
Repayment of debt	(22,979)	(16,887)
Net cash provided by financing activities	1,747,621	286,415
<b>Net change in cash and cash equivalents</b>	699,955	(1,198,616)
<b>Beginning cash and cash equivalents</b>	902,338	2,100,954
<b>Ending cash and cash equivalents</b>	<b>\$ 1,602,293</b>	<b>\$ 902,338</b>
Unrestricted cash	\$ 1,393,399	\$ 411,448
Restricted cash - capital projects	156,500	438,496
USDA reserve cash	52,394	52,394
<b>Total cash and cash equivalents</b>	<b>\$ 1,602,293</b>	<b>\$ 902,338</b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 55,387	\$ 43,578

**United Community Action Network  
Statement of Functional Expenses  
Year Ended June 30, 2020**

Expenses	Program Services								Support Services	Total
	Child Services	Transportation	Food Programs	Energy Services	Weatherization	Case Management	Property Management	Volunteer Services	Management and General	
Personnel salaries	\$ 3,366,534	\$ 767,951	\$ 187,623	\$ 129,299	\$ 153,280	\$ 663,468	\$ 162,546	\$ 463,738	\$ 1,100,896	\$ 6,995,335
Payroll taxes and benefits	1,563,703	316,072	81,324	47,202	75,316	322,620	83,045	151,760	411,398	3,052,440
Professional services	-	3,365	184	155	72	901	2,975	449	70,363	78,464
Training and travel	62,884	12,617	293	3,325	13,098	21,777	-	11,064	8,126	133,184
Vehicle operating expenses	80,461	288,663	3,537	4,759	4,472	29,697	10,728	10,313	18,749	451,379
Rental expense and building repairs	353,206	59,725	27,400	18,520	7,916	179,948	178,007	41,481	78,339	944,542
Communications and media	73,158	24,979	-	4,059	3,033	31,606	11,344	12,512	17,116	177,807
Rental management expenses	8	3	2	-	-	1	122,916	1	1	122,932
Insurance	79,960	61,336	7,346	2,405	10,241	14,398	23,620	6,031	12,802	218,139
Consumable supplies	226,049	41,865	38,168	16,331	5,660	30,835	1,601	11,193	51,660	423,362
Office expenses	83,184	16,377	4,404	7,602	9,975	20,116	4,881	14,211	53,842	214,592
Equipment and repairs	137,981	-	17,383	1,505	-	7,780	10,458	2,231	27,097	204,435
Interest and property taxes	-	-	-	-	-	3,613	8,768	-	51,332	63,713
Property costs	-	-	-	-	-	-	-	-	15,660	15,660
Rent and utility assistance	-	42	-	2,123,501	-	1,650,700	-	119	-	3,774,362
Food assistance	149,860	102	171,562	-	-	6,041	-	2,920	121	330,606
Support service supplies	649	-	1,117	16,000	10,668	38,715	-	1,015	-	68,164
Volunteer support	514	525,209	118	-	-	3,000	-	5,849	575	535,265
Sub-contracting expenses	440,009	46,179	26,227	28,569	962,664	385,892	13,942	32,968	50,898	1,987,348
Miscellaneous expenses	4,167	5,061	5,230	581	194	6,959	120	1,496	21,107	44,915
In-kind expenses	-	-	1,325,899	-	-	-	-	200,254	-	1,526,153
Depreciation	119,870	65,952	15,521	-	4,436	-	340,752	-	128,123	674,654
<b>Total expenses</b>	<b>\$ 6,742,197</b>	<b>\$ 2,235,498</b>	<b>\$ 1,913,338</b>	<b>\$ 2,403,813</b>	<b>\$ 1,261,025</b>	<b>\$ 3,418,067</b>	<b>\$ 975,703</b>	<b>\$ 969,605</b>	<b>\$ 2,118,205</b>	<b>\$ 22,037,451</b>

**United Community Action Network  
Statement of Functional Expenses  
Year Ended June 30, 2019**

Expenses	Program Services								Support Services	Total
	Child Services	Transportation	Food Programs	Energy Services	Weatherization	Case Management	Property Management	Volunteer Services	Management and General	
Personnel salaries	\$ 3,015,475	\$ 637,264	\$ 156,100	\$ 140,378	\$ 152,805	\$ 589,121	\$ 155,556	\$ 421,967	\$ 1,151,206	\$ 6,419,872
Payroll taxes and benefits	1,371,417	288,896	65,575	52,961	72,732	284,153	79,620	126,552	369,684	2,711,590
Professional services	9,566	9,071	-	49	60	6,860	161	13	55,141	80,921
Training and travel	80,753	13,751	679	7,127	36,601	38,046	3,895	23,911	20,386	225,149
Vehicle operating expenses	88,260	303,357	9,860	3,298	5,342	11,200	9,691	98	28,396	459,502
Rental expense and building repairs	370,898	42,962	26,843	24,921	7,918	84,957	177,008	39,146	85,023	859,676
Communications and media	84,894	34,720	17,280	4,642	4,566	23,303	11,416	12,377	24,165	217,363
Rental management expenses	4	196	-	-	-	-	103,015	41	471	103,727
Insurance	56,789	63,958	6,380	2,051	2,840	6,990	30,579	4,613	17,504	191,704
Consumable supplies	176,464	14,838	4,042	7,125	2,744	39,386	1,258	5,934	22,788	274,579
Office expenses	68,466	18,238	3,647	9,788	6,161	20,187	6,866	15,464	45,477	194,294
Equipment and repairs	136,224	43,573	11,209	8,766	6,468	39,480	10,579	10,835	37,779	304,913
Interest and property taxes	-	-	-	-	-	-	15,167	-	39,077	54,244
Property costs	-	-	-	-	-	-	5,987	-	-	5,987
Rent and utility assistance	-	-	-	2,211,448	178	1,884,636	-	1,170	935	4,098,367
Food assistance	173,917	637	163,281	-	-	1,370	-	2,907	210	342,322
Support service supplies	3,815	34	1,050	35,169	8,908	43,382	-	2,008	-	94,366
Volunteer support	3,278	583,039	138	-	-	150	-	78,382	355	665,342
Sub-contracting expenses	433,422	200	10,554	38,879	603,287	224,156	13,037	6,184	14,252	1,343,971
Miscellaneous expenses	11,970	989	1,385	99	1	538	348	108	42,131	57,569
In-kind expenses	-	-	1,166,673	-	-	-	-	100,173	-	1,266,846
Depreciation	27,064	81,127	8,605	-	-	-	344,807	-	121,144	582,747
<b>Total expenses</b>	<b>\$ 6,112,676</b>	<b>\$ 2,136,850</b>	<b>\$ 1,653,301</b>	<b>\$ 2,546,701</b>	<b>\$ 910,611</b>	<b>\$ 3,297,915</b>	<b>\$ 968,990</b>	<b>\$ 851,883</b>	<b>\$ 2,076,124</b>	<b>\$ 20,555,051</b>

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Summary of Significant Accounting Policies**

Nature of Operations

Originally founded in 1969 as the Parents Action Council, Inc., the name was changed to United Community Action Network (UCAN), in 2008. UCAN is a private, non-profit community action agency. UCAN operates in all parts of Douglas County and Josephine County, Oregon, promoting resources and opportunities to help increase the self-sufficiency of low-income individuals. Through the operation of several programs and close interaction with many agencies, UCAN strives to influence the quality of life for the elderly, low-income, and disabled individuals and families, as well as the community in general.

Basis of Accounting

The financial statements of UCAN have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

UCAN reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

*Net assets with donor restrictions* are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

*Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of UCAN, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

UCAN's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, UCAN considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Investments

UCAN accounts for investments in marketable securities at their fair values as of the date of the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets for the period.

Contracts/grants Receivable

Contracts/grants receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. All contracts receivable represents amounts owed by federal, state and local government agencies. Contracts/grants receivable are stated at the amount management expects to be collected from the outstanding balance. At June 30, 2020, and 2019, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventory

UCAN receives non-cash donations of food commodities from the United States Department of Agriculture (USDA) and the Oregon Food Bank (OFB). UCAN serves as an agent and all non-cash contributions of food commodities flow through UCAN directly to other non-profit organization distribution centers. Donated food and USDA commodities are recorded directly in the financial statements as non-cash contributions received and as non-cash expenditures within the Nutrition Program. Additionally, UCAN purchases food for sale. The inventory of purchased food is recorded at cost. Inventory is counted monthly.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method based on the estimated useful life of the assets, which range from 3-40 years depending on the fixed asset.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donated Land, Buildings, Equipment and other Long-Lived Assets

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. UCAN reports expirations of donor restrictions when the donated or acquired asset is placed in service. UCAN reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UCAN. UCAN receives donated services and spaces related to its AmeriCorps, Head Start and WIC Programs. Additionally, volunteers have donated their time to various Programs throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. These Programs include the Head Start, Food Shares, Transportation, and Retired Senior Volunteer Program.

Donated Commodities

Commodities received through the USDA and OFB are recorded as revenue at their commodity values per pound, which averaged \$0.88 per pound and \$0.83 per pound for the years ending June 30, 2020, and 2019, respectively.

Approximately 1.8 million and 1.4 million pounds of donated food were received from the above referenced sources during the years ended June 30, 2020, and 2019, respectively.

Forgivable Loans/Refundable Advances

During the year ended June 30, 2020, UCAN participated in the Paycheck Protection Program (PPP) that was provided for under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). It is UCAN's policy to account for such proceeds as a financial liability until either (1) the loan is, in part or wholly, forgiven legally, or (2) the liability is fully paid. Once the loan is, in part or wholly, forgiven and legal release is received, UCAN will reduce the liability by the amount forgiven and record a gain on extinguishment.

Advertising Costs

Advertising costs are expensed as incurred. The amounts spent on advertisements by UCAN for the years ended June 30, 2020, and 2019, were \$11,128 and \$45,469, respectively.

Tax-Exempt Status

UCAN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, UCAN qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). However, income from certain activities not directly related to UCAN's tax-exempt purpose is subject to taxation as unrelated business income. UCAN has sales advertising space on their buses. At June 30, 2020, UCAN does not have an estimated tax liability on this unrelated business activity. UCAN believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

UCAN's federal Exempt Organization Business Income Tax Returns (Forms 990 and 990T) are subject to examination by the IRS, generally for three years after they are filed. UCAN pays a normal annual filing fee to the State of Oregon, Department of Justice.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Concentrations of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) insures account balances at each insured institution. UCAN frequently maintains cash balances greater than the FDIC insurance coverage in two financial institutions. At June 30, 2020, the amount that exceeded FDIC coverage was ~\$1.3 million.

Gains and Losses, and Investment Income

Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use to a time or purpose restriction or in perpetuity.

Functional Expenses

UCAN allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various bases.

Description of Programs

Child Services -

*Douglas County Head Start and Early Head Start* - Accounts for revenues and expenditures related to the federally funded Head Start Program and Early Head Start Program and to an Oregon Pre-Kindergarten program. The Head Start Program also provides meals to children enrolled in the Head Start Program through funding provided by the USDA. The Head Start Program provides early childhood education for low income or disabled three-year-old and four-year-old children through classroom programs designed to prepare children for the public-school experience. The Early Head Start Program provides services for pregnant moms and children from birth to three years through a combination of home-based services and center-based services. Parent education and family involvement are promoted through parenting support groups, volunteering in the classroom, and assistance in program planning. Support services include payment of medical and dental services for enrolled children.

*Healthy Families Program* - UCAN operates the Healthy Families Program in Douglas, Klamath, and Lake Counties. The goal of the Healthy Families Program is to prevent child abuse and neglect. Prior to or immediately after birth, parents are screened to determine eligibility for the program. All services are voluntary. The program focuses on strengthening the parent-child relationship to assure healthy child growth and development. Home visitors help parents develop nurturing, positive relationships with their babies. Parents receive information about child development, infant care and keeping their baby healthy, and learn about resources to support their babies. Trained home visitors coach parents so that their baby is safe and healthy, able to learn and thrive.

*Nurse Home Visiting Programs* - Through UCAN's Nurse Home Visiting Programs, eligible Douglas County pregnant women, families with young children and families with children with special needs receive comprehensive support services from nurses. Programs offered through Nurse Home Visiting include Maternity Case Management, Babies First and CACOON.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Description of Programs (continued)

Child Services (continued) -

*Women, Infants and Children Nutrition Program (WIC)* - UCAN provides WIC services in Douglas County. WIC is a nutrition education program that helps pregnant women, new mothers, and young children learn how to eat well and stay healthy. WIC works to improve the health and nutrition of women and children during critical years of a child's development.

*Healthy Start Program* - The Healthy Start Program works to prevent infant mortality in 87 communities with infant mortality rates at least 1.5 times the national average and high rates of low birthweight, pre-term birth, maternal mortality and maternal morbidity (serious medical conditions resulting from or aggravated by pregnancy and delivery).

Transportation -

*U-Trans* - Accounts for revenues and expenditures related to the U-Trans Public Transportation Service in Douglas County. U-Trans serves the greater Roseburg area, with commuter services stretching from Sutherlin, Oregon, to Canyonville, Oregon. The Douglas County Public Works Department oversees the U-Trans operations with UCAN contracting to provide the service. U-Trans is funded through partnerships with cities, the County, State agencies, the Cow Creek Tribe, area employers and fare revenue.

*Medicaid Transportation Program* - Accounts for transportation services provided to eligible Oregon Health Plan and eligible Medicaid clients traveling to authorized medical services in Curry, Douglas and Josephine Counties. This service is provided in conjunction with Translink and Ready-Ride and is provided to clients who have no other means to get to their medical services.

Food Programs - Accounts for revenues and expenditures related to the Douglas County Food Bank. UCAN is the regional food bank for the county and warehouses the food for the county. Food Shares collects and distributes donated and surplus food, including USDA and Oregon Food Bank commodities. Food is then distributed to local emergency food agencies, community kitchens, and other supplemental food banks, for redistribution to low-income individuals and families throughout Douglas County.

Energy Services - The Energy Assistance Program provides support to low-income individuals in supplying their energy needs and information on conserving energy.

Weatherization - Accounts for revenues and expenditures related to providing energy conservation information, measures, retrofits, and upgrades to income-eligible families designed to reduce home utility usage and costs. Funding is primarily provided through the US Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP) and through State of Oregon's Senate Bill 1149, energy deregulation dollars entitled Energy Conservation Helping Oregonians (ECHO) funds.



**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Description of Programs (continued)

Case Management - Provides stabilization and continuity of care while addressing barriers with people experiencing poverty. Staff guide households through self-assessment, in which each person determines how well they are doing in a variety of areas, and what type of improvement they would like to achieve in those areas. Case Managers identify resources that people need to attain their goals, evaluate, provide linkages and aid in the implementation of sustainable tools toward the goal of exiting poverty. Barrier removal expenditures and auxiliary services are customary in the Case Management Program.

Property Management - Accounts for revenues and expenditures for the purpose of providing low-income housing to families in need. UCAN operates approximately 92 units in 18 properties throughout Douglas County. The housing consists of transitional housing and permanent housing. Transitional housing focuses on moving families to stabilization. Permanent housing allows individuals and families to stay for as long as they need, given certain income requirements, with the objective of helping them to become self-sufficient. All residents are charged a below market rental rate and some are required to complete a program to become self-sufficient.

Volunteer Services -

*United Communities AmeriCorps* - Accounts for revenues and expenditures related to providing AmeriCorps members to Coos, Curry, Douglas, Jackson and Josephine counties. AmeriCorps is a national community service program that places members at host sites, which consists of nonprofits, government agencies, and schools in these counties. AmeriCorps provides opportunities for Americans to give back in an intensive way to their communities and country by addressing critical needs in education, health, and economic opportunity. Members volunteer for up to one year, receive a stipend, health care benefits, childcare assistance, and may earn an education award to pay off student loans or finance secondary schooling. Funding is provided by community agencies receiving services from AmeriCorps members and from the Corporation for National Service through Oregon Volunteers.

*Retired Senior Volunteer Program (RSVP)* - Part of Senior Corps, a network of national and community service programs, RSVP is one of America's largest volunteer network for people over age 55. Members serve to meet critical needs in education, environment, public safety, homeland security, and other areas. Volunteers organize neighborhood watch programs, tutor children, renovate homes, teach English to immigrants, assist victims of natural disasters, and serve their communities in many other ways. RSVP volunteers choose how, where, and how often they want to serve, with commitments ranging from a few hours to 40 hours per week.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Reclassifications

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Recently adopted accounting pronouncement:

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance related to contributions of cash and other assets received and made by not-for-profit organizations. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement or cancellation of liabilities is a contribution or an exchange transaction. It also provides additional guidance for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The ASU did not have a material impact on the financial statements of UCAN.

Restatement of Prior Year Amounts

During the fiscal year ended June 30, 2020, UCAN determined that certain vehicles related to its U-Trans Program were incorrectly capitalized in prior years. The effects of the restatement on the 2019 financial statements were as follows:

	Amounts, as previously reported	Effect of restatement	Amounts, as restated
Statement of financial position:			
Property and equipment:			
Vehicles	\$ 2,250,934	\$ (726,071)	\$ 1,524,863
Accumulated depreciation	(6,801,375)	181,518	(6,619,857)
Net assets:			
Without donor restrictions	14,734,669	(399,339)	14,335,330
Statement of activities:			
Program services:			
Transportation	2,282,064	(145,214)	2,136,850
Net assets without donor restrictions at beginning of year	13,265,004	(544,553)	12,720,451
Statement of cash flows:			
Change in net assets:			
Depreciation	727,961	(145,214)	582,747

**United Community Action Network  
Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 2 – Liquidity and Availability**

The following represents UCAN's financial assets that are available to meet cash needs for general expenditures within one year at June 30:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,393,399	\$ 411,448
Restricted cash - capital projects	156,500	438,496
Accounts receivable	-	10,000
Contracts receivable	<u>2,733,481</u>	<u>2,188,612</u>
Total financial assets	<u>4,283,380</u>	<u>3,048,556</u>
Less amounts not available to be used within one year:		
Refundable deposits	<u>(44,911)</u>	<u>(46,975)</u>
Financial assets not available to be used within one year	<u>(44,911)</u>	<u>(46,975)</u>
Unused line of credit:	<u>250,000</u>	<u>550,000</u>
Financial assets available to meet expenditures within one year:	<u>\$ 4,488,469</u>	<u>\$ 3,551,581</u>

**Note 3 – Cash and Cash Equivalents**

For purposes of reporting cash flows, cash includes petty cash and demand deposits at June 30:

	<u>2020</u>	<u>2019</u>
Petty cash accounts	\$ 1,321	\$ 384
Business checking account	<u>1,392,078</u>	<u>411,064</u>
Total unrestricted cash	1,393,399	411,448
Restricted cash - capital projects	156,500	438,496
USDA reserve cash	<u>52,394</u>	<u>52,394</u>
Total cash	<u>\$ 1,602,293</u>	<u>\$ 902,338</u>

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 4 – Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 – Other significant observable inputs other than Level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted process that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 – Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

The carrying values of cash and cash equivalents, accounts receivable, contracts receivable, pledges receivable, accounts payable, accrued expenses, and deferred revenue, approximates their fair value due to the short maturity of such instruments.

The beneficial interest in assets held by the Oregon Community Foundation (the Foundation) has been valued, as a practical expedient, at the fair value of the UCAN's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The Foundation's investments are composed of approximately 48% equities (both domestic and international), 15% absolute return, 15% private equity/venture capital, 12% fixed income, and 10% real assets. Due to the perpetual existence of the beneficial interest in the Foundation, the assets held by the Oregon Community Foundation have been categorized as a Level 3 financial instrument.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis:

June 30, 2020	Level 1	Level 2	Level 3	Total
Other assets:				
Beneficial interest in assets held by OCF	\$ -	\$ -	\$ 12,898	\$ 12,898
Total other assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,898</u>	<u>\$ 12,898</u>
June 30, 2019	Level 1	Level 2	Level 3	Total
Other assets:				
Beneficial interest in assets held by OCF	\$ -	\$ -	\$ 63,259	\$ 63,259
Total other assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,259</u>	<u>\$ 63,259</u>

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 5 – Beneficial Interest in Oregon Community Foundation**

In December 2006, UCAN elected to participate in the Foundation. UCAN transferred assets to the Foundation which is holding them as an endowed component fund titled the Umpqua Community Action Network Endowment Fund (Fund) for the benefit of UCAN. UCAN has granted the Foundation variance power which gives the Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies which currently result in reinvestment of any distributions to be paid to UCAN, of a certain percent of the average quarterly value over time, until further notice.

UCAN reports the fair value of the Fund as Beneficial Interest in Assets Held by OCF in the statement of financial position and is included in net assets with donor restrictions in accordance with applicable accounting principles and reports distributions received as investment income. Changes in the value of the Fund are reported in the with donor restriction nonoperating income category on the statement of activities.

The beneficial interest in Oregon Community Foundation at June 30, 2020 and 2019, was \$12,898 and \$63,259, respectively.

**Note 6 – Property and Equipment**

Property and equipment consist of the following at June 30:

	<b>2020</b>				Ending Balance
	Beginning Balance	Additions	Transfers	Deletions	
Land	\$ 2,436,769	\$ -	\$ -	\$ -	\$ 2,436,769
Buildings and improvements	14,959,072	319,908	2,341,982	-	17,620,962
Leasehold improvements	80,669	-	-	(20,500)	60,169
Furniture, fixtures and equipment	1,175,431	67,820	-	(33,303)	1,209,948
Vehicles	1,545,429	760,870	-	(1,247,275)	1,059,024
Construction in progress	2,341,982	-	(2,341,982)	-	-
Total historical cost	22,539,352	1,148,598	-	(1,301,078)	22,386,872
Less: accumulated depreciation	(7,151,697)	(674,654)	-	580,434	(7,245,917)
Total net book value	<u>\$ 15,387,655</u>	<u>\$ 473,944</u>	<u>\$ -</u>	<u>\$ (720,644)</u>	<u>\$ 15,140,955</u>
	<b>2019 (Restated)</b>				
	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Land	\$ 2,461,628	\$ -	\$ -	\$ (24,859)	\$ 2,436,769
Buildings and improvements	14,988,066	-	-	(28,994)	14,959,072
Leasehold improvements	80,669	-	-	-	80,669
Furniture, fixtures and equipment	1,168,817	6,614	-	-	1,175,431
Vehicles	1,524,863	54,708	-	(34,142)	1,545,429
Construction in progress	253,563	2,088,419	-	-	2,341,982
Total historical cost	20,477,606	2,149,741	-	(87,995)	22,539,352
Less: accumulated depreciation	(6,619,857)	(582,747)	-	50,907	(7,151,697)
Total net book value	<u>\$ 13,857,749</u>	<u>\$ 1,566,994</u>	<u>\$ -</u>	<u>\$ (37,088)</u>	<u>\$ 15,387,655</u>

Depreciation expense for the years ended June 30, 2020, and 2019, was \$674,654 and \$582,747, respectively.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 6 – Property and Equipment (continued)**

Certain real properties have deed restrictions that limit the sale or transfer of those properties, and limit the use of the properties to providing low-income housing for periods up to sixty years from the date placed in service.

See *Note 16* for disclosure of disposition/transfer of fixed assets.

**Note 7 – Lease Commitments**

UCAN has entered into several non-cancellable operating leases of office equipment, office and classroom space for Head Start, Case Management, U-Trans, and the UCAN main offices in Josephine County. Rental expense paid under lease agreements for the years ended June 30, 2020 and 2019, was \$365,017 and \$356,047, respectively.

Minimum future rental payments required under the remaining non-cancellable lease terms at June 30, 2020, are as follows:

June 30,	<u>Amount</u>
2021	\$ 368,550
2022	268,993
2023	247,086
2024	19,552
2025	<u>1,225</u>
	<u>\$ 905,406</u>

**Note 8 – Line of Credit**

UCAN had a line of credit with Umpqua Bank in the amount of \$550,000 and expired on December 1, 2019. The line of credit was extended on December 9, 2019, and will expire March 31, 2021. Additionally, the credit limit was reduced from \$550,000 to \$250,000. The interest rate on the line of credit is variable and based on the prime rate as published in the Wall Street Journal plus 1.000 percentage point: 6.25% and 6.50% at June 30, 2020 and 2019, respectively. This is an unsecured revolving line of credit for periodic working capital needs. At June 30, 2020, there was no balance due.

**United Community Action Network  
Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 9 – Long-Term Debt**

Long-term debt consisted of the following at June 30:

	2020	2019
Mortgage note payable with Banner Bank in the amount of \$100,000, dated June 15, 2006. Note is payable in monthly installments of \$606, including interest at 6.01% per annum and matures June 15, 2036. The note is secured by the Grandview Project property.	\$ 74,224	\$ 75,757
Note payable with USDA Rural Housing Service in the amount of \$964,000, dated December 26, 2008. Note is payable annually on December 26, in the amount of \$52,394, including interest at 4.50% per annum and matures December 26, 2049. The note is secured by the Kenneth Ford Drive property.	839,235	852,590
Note payable with Umpqua Bank in the amount of \$273,750, dated June 15, 2019. The note is payable in monthly installments of \$1,700, including interest at 4.22% per annum and matures June 15, 2029 and includes a balloon payment of \$167,397 on that date. The note is secured by the Mill Street property	264,858	272,949
Note payable with Umpqua Bank under the Paycheck Protection Program in the amount of \$1,770,600, dated April 21, 2020. The interest rate is 1.00% per annum and matures October 21, 2022. The note has a ten-month deferment on payments beginning from the end of the 24-week initial covered period. The payments become due after the deferment and are based on an 18 month amortization term. The repayment on the note and any forgiveness is subject to the Coronavirus Aid, Relief and Economic Security Act (CARES Act).	1,770,600	-
Total long-term debt	\$ 2,948,917	\$ 1,201,296

Maturities of long-term debt at June 30, 2020, are as follows:

June 30,	Amount
2021	\$ 805,468
2022	1,019,878
2023	29,281
2024	30,632
2025	17,445
Thereafter	1,046,213
	\$ 2,948,917

**United Community Action Network  
Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 10 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at June 30:

Net assets with time/purpose restrictions:	<u>2020</u>	<u>2019</u>
Child services/Douglas County Head Start program	\$ 232,571	\$ 100,204
Transportation	-	59,487
Food programs	636,844	234,775
Energy services	28,347	11,055
Weatherization	-	25,829
Case management	618,757	361,711
Property management	-	4,316
Volunteer services	90,331	89,948
Facility and property	156,500	271,807
Administration and agency reserves	205,120	106,401
Total time/purpose restricted net assets	<u>1,968,470</u>	<u>1,265,533</u>
Net assets to be held in perpetuity:		
Beneficial interest in assets held by Community Foundation	<u>12,898</u>	<u>63,259</u>
Total net assets to be held in perpetuity	<u>12,898</u>	<u>63,259</u>
Total net assets with donor restrictions	<u>\$ 1,981,368</u>	<u>\$ 1,328,792</u>

**Net Assets Restricted in Perpetuity**

The Board transferred certain assets to the Oregon Community Foundation. In accordance with GAAP, when this transfer was made, the assets were deemed to be net assets restricted in perpetuity. The Foundation's Board of Trustees controls the Fund's investment and spending policies, UCAN has no control of such policies. The Foundation's investment policies and the performance of the investment managers are reviewed quarterly by an investment committee made up of community volunteers and the Foundation's board members.



**United Community Action Network  
Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 10 – Net Assets with Donor Restrictions (continued)**

Assets released from donor restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the purpose restriction of the donors, by occurrence of other events specified by the donors, or the passage of time. Assets released from donor restrictions were as follows for the years ended June 30:

Purpose restrictions	<u>2020</u>	<u>2019</u>
Child services/Douglas County Head Start program	\$ 6,449,970	\$ 6,201,674
Transportation	1,736,169	1,127,809
Food programs	1,775,010	1,685,276
Energy services	2,406,090	2,549,580
Weatherization	1,240,540	857,024
Case management	3,127,202	3,016,090
Property management	447,316	364,714
Resource development	-	1,713
Volunteer services	824,679	772,568
Facility and property	579,095	2,144,273
Administration and agency reserves	<u>895,327</u>	<u>594,333</u>
Total net assets released from donor restrictions	<u>\$ 19,481,398</u>	<u>\$ 19,315,054</u>

**Note 11 – Major Grantor and Credit Concentrations**

UCAN receives a significant amount of grants that are funded by the Federal government and the State of Oregon. Federal grant funded revenues accounted for approximately 49% and 38% of total revenue, gains and other support for the years ending June 30, 2020, and 2019, respectively. The revenues funded by the State of Oregon accounted for approximately 35% and 39% of total revenue, gains and other support for the years ending June 30, 2020, and 2019, respectively.

**Note 12 – Commitments and Contingent Liabilities**

Certain amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any expenditures or disallowed claims as a result of such audits would become a liability of UCAN operating funds. Management believes that adjustments, if any, will not materially affect UCAN's financial position.

UCAN has acquired properties over the years financed partially by government grants totaling \$300,000. As a condition of these grants, promissory notes were executed to secure the funds. Under the terms of the promissory notes, each note is without interest and will be canceled on various dates through 2043. However, each note is immediately due and payable upon any event of default as defined in the agreement. Because the note repayment is contingent upon an event of default that management considers unlikely to occur, the grants have been previously recognized as revenues and no liability is reflected in the accompanying financial statements.

In addition, UCAN has received grants from government agencies for the financing of certain properties, whereby if the properties are sold, transferred, refinanced or changed as to use, the grants become immediately payable. At June 30, 2020, there were no liabilities under these agreements.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 13 – Donated Facilities Usage**

The fair rental value of space utilized by UCAN's Head Start and AmeriCorps Programs is recognized as an in-kind donation to the extent that the fair value exceeds the actual rent paid (if any) by UCAN. The revenue recognized for donated-facilities use included as contributions in the financial statements and the corresponding occupancy costs were \$230,806 and \$288,667 for the years ending June 30, 2020, and 2019, respectively.

**Note 14 – Retirement Plan**

UCAN maintains a retirement plan qualified under Section 403(b) of the Internal Revenue Code. The Plan covers employees who have completed at least six months of service with UCAN. Contribution expense was \$166,946 and \$158,176, for the years ended June 30, 2020 and 2019, respectively.

**Note 15 – Partnership Investments**

UCAN has a 35% limited interest in Umpqua UCAN LLC (UULLC), a real estate venture that is primarily involved in the development of an affordable tax credit housing project on the Roseburg Veterans Affairs Medical Center Campus (VA Campus). The project consists of construction of 55 apartment units in ten residential buildings, and one non-residential building. UCAN entered into an agreement with Umpqua UCAN LLC and Umpqua Community Development Corporation dba Neighborworks Umpqua (UCDC NU) to form Eagle Landing Associates LLC (ELALLC) to own the affordable housing project on the VA Campus upon completion of construction. UCAN and UCDC NU each acquired a 0.5% interest and a requirement to invest \$50 as a capital contribution. UULLC acquired a 99% interest in ELALLC and \$9,900 investment requirement. In 2028, UULLC will become 100% owner of the real property and control all rental activities. As a result of beginning construction, the ELALLC Operating Agreement was amended and restated to change the membership of ELALLC, which withdrew the 0.5% memberships of UCAN and UCDC NU. Additionally, UULLC's share of ELALLC was changed from a 99% share to a 0.01% share. UCAN received a full refund of their capital contribution, which as of October 10, 2012, was \$0. An investor member(s) will have a 99.99% share in ELALLC. UCAN effectively has a 35% share of 0.01% share of ELALLC. The investment is valued at cost and has a value of \$0.

**Note 16 – Disposition/Transfer of Assets**

On June 22, 2020, UCAN entered into a Transfer Agreement (the Agreement) with the Umpqua Public Transportation District (the District). In this Agreement, UCAN transferred equipment, furnishings and fixtures, vehicles, the business name "UTrans" and all trademarks, copyrights, and other operating rights to the District on June 30, 2020. At June 30, 2020, all UTrans employees were terminated from UCAN and were paid any earned wages or accrued compensation owed on that date. The vehicles and other assets had a cost of \$1,240,042 and accumulated depreciation of \$519,398.

UCAN evaluated the applicable accounting standards associated with the divestiture of the UTrans program and determined the divestiture did not qualify as a discontinued operation as the divestiture did not have a major effect on UCAN's operations nor financial results. Although the divestiture did not qualify as a discontinued operation from a financial reporting perspective, the divestiture represented a portion of the Transportation Program.

**United Community Action Network**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**Note 17 – Uncertainties**

On March 13, 2020, the President of the United States declared a State of Emergency associated with the COVID-19 global pandemic. As of the date of these financial statements management has determined the impact to UCAN will be short term in nature and it believes adequate liquidity exists for UCAN to endure the upstream and downstream backlog that will develop as a result of the perceived slowdown in economic activity. The impact of the State of Emergency and full ramifications to the economy and UCAN are not determinable at this time.

**Note 18 – Subsequent Events**

Management of UCAN has evaluated events and transactions occurring after June 30, 2020, up through April 26, 2021, the date the financial statements were available to be issued, for recognition and/or disclosure in the financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
United Community Action Network

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Community Action Network (UCAN), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered UCAN's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UCAN's internal control. Accordingly, we do not express an opinion on the effectiveness of UCAN's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UCAN's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jeny Grupe, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
April 26, 2021



841 O'Hare Parkway, Ste. 200  
Medford, OR 97504

P: 541.773.6633  
F: 541.773.1965  
KDPLLP.COM

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
United Community Action Network

**Report on Compliance for Each Major Federal Program**

We have audited United Community Action Network's (UCAN) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of UCAN's major federal programs for the year ended June 30, 2020. UCAN's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of UCAN's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UCAN's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of UCAN's compliance.

***Opinion on Each Major Federal Program***

In our opinion, United Community Action Network complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of UCAN is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered UCAN's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UCAN's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jeny Grupe, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
April 26, 2021

**United Community Action Network  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant/Contract Number	Passed Through to Sub-recipients	Federal Expenditures
<b>U. S. Department of Agriculture</b>					
Passed through Oregon Health Authority:					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		Grant Agreement #159851	\$ -	\$ 601,760
Total CFDA 10.557				-	601,760
Passed through Oregon Department of Education:					
Child and Adult Care Food Program (CACFP)	10.558		Contract #1021002	\$ -	\$ 153,062
Total CFDA 10.558				-	153,062
Passed through Oregon Food Bank:					
Emergency Food Assistance Program (Administrative Costs)	10.568	na		-	59,954
Emergency Food Assistance Program (Food Commodities)TEFAP	10.569	na		-	1,045,714
Total Food Distribution Cluster				-	1,105,668
<b>Total U. S. Department of Agriculture</b>				<b>\$ -</b>	<b>\$ 1,860,490</b>
<b>U. S. Department of Housing and Urban Development</b>					
Direct Program:					
Continuum of Care Program	14.267		OR0064LOE051811	\$ -	\$ 102,380
Continuum of Care Program	14.267		OR0125LOE051808	-	40,090
Continuum of Care Program	14.267		OR0073LOE051710	-	9,973
Continuum of Care Program	14.267		OR0080LOE051811	120,204	159,478
Total CFDA 14.267				120,204	311,921
Passed through City of Grants Pass:					
Community Development Block Grants/Entitlement Grants	14.218		n/a	-	2,799
Total CDBG - Entitlement Grants Cluster				-	2,799
Passed through Oregon Housing and Community Services:					
Emergency Solutions Grant Program	14.231		Master Grant Agreement 2019-2021	60,000	125,360
Total CFDA 14.231				60,000	125,360
Home Investment Partnerships Program	14.239		Master Grant Agreement 2019-2021	-	191,613
Total CFDA 14.239				-	191,613
<b>Total U. S. Department of Housing and Urban Development</b>				<b>\$ 180,204</b>	<b>\$ 631,693</b>
<b>U. S. Department of Transportation</b>					
Passed through Douglas County:					
Formula Grants for Rural Areas	20.509		Grant #30694	\$ -	\$ 342,929
Formula Grants for Rural Areas	20.509		Grant #30700	-	291,699
Total CFDA 20.509				-	634,628
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		Grant #30694	-	178,705
Passed through Cow Creek Band of Umpqua Tribe of Indians:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		n/a	-	26,982
Total Transit Services Cluster				-	205,687
Passed through Oregon Department of Transportation:					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		Grant #31475, #31481	-	581,299
Total Federal Transit Cluster				-	581,299
<b>Total U. S. Department of Transportation</b>				<b>\$ -</b>	<b>\$ 1,421,614</b>
<b>U. S. Department of the Treasury</b>					
Passed through Oregon Housing and Community Services:					
COVID-19 Coronavirus Relief Fund	21.019		Master Grant Agreement 2019-2021	\$ -	\$ 98,381
Total CFDA 21.19				-	98,381
<b>Total U. S. Department of the Treasury</b>				<b>\$ -</b>	<b>\$ 98,381</b>
<b>U. S. Department of Veterans Affairs</b>					
Passed through ACCESS, Inc:					
VA Supportive Services for Veteran Families Program	64.033		Grant #19-OR-128	\$ -	\$ 382,893
VA Supportive Services for Veteran Families Program	64.033		Grant #19-OR-128-CA	-	165,469
Total CFDA 64.033				-	548,362
<b>Total U. S. Department of Veterans Affairs</b>				<b>\$ -</b>	<b>\$ 548,362</b>



**United Community Action Network  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant/Contract Number	Passed Through to Sub-recipients	Federal Expenditures
<b>U. S. Department of Energy</b>					
Passed through Oregon Housing and Community Services:					
Weatherization Assistance For Low-Income Persons (DOE)	81.042		Master Grant Agreement 2019-2021	\$ -	\$ 76,410
Total CFDA 81.042				-	76,410
Weatherization Assistance For Low-Income Persons (BPA Funds)	81.XXX		Master Grant Agreement 2019-2021	-	41,976
Total CFDA 81.XXX				-	41,976
<b>Total U. S. Department of Energy</b>				<b>\$ -</b>	<b>\$ 118,386</b>
<b>U. S. Department of Health and Human Services</b>					
Direct Programs:					
Head Start 2020	93.600		10CH01078902	\$ -	\$ 1,598,091
Head Start 2019	93.600		10CH01078901	-	947,502
Total CFDA 93.600				-	2,545,593
Passed through Oregon Department of Consumer and Business Services:					
Special Programs for the Aging-Title IV and Title II Discretionary Projects	93.048		DCBS-1550-16	-	10,000
Total CFDA 93.048				-	10,000
Medicare Enrollment Assistance Program	93.071		DCBS-1730-18	-	10,706
Total CFDA 93.071				-	10,706
Slate Health Insurance Assistance Program	93.324		DCBS-1624-16	-	24,000
Total CFDA 93.324				-	24,000
Passed through Oregon Department of Education:					
Promoting Safe and Stable Families	93.556		Grant Agreement #12566	-	543,874
Total CFDA 93.556				-	543,874
Passed through Oregon Housing and Community Services:					
Temporary Assistance for Needy Families (TANF)	93.558		Master Grant Agreement 2019-2021	-	124,238
Total TANF Cluster				-	124,238
Low-Income Home Energy Assistance - Program Delivery & Admin	93.568		Master Grant Agreement 2019-2021	-	259,489
Low Income Home Energy Assistance - Direct Assistance	93.568		Master Grant Agreement 2019-2021	-	1,236,169
Low-Income Home Energy Assistance - Client Ed	93.568		Master Grant Agreement 2019-2021	-	52,155
Low-Income Home Energy Assistance-Weatherization	93.568		Master Grant Agreement 2019-2021	-	307,750
Total CFDA 93.568				-	1,855,563
Community Services Block Grant	93.569		Master Grant Agreement 2019-2021	-	323,628
Total CFDA 93.569				-	323,628
Passed through Oregon Department of Education:					
Child Care and Development Block Grant	93.575		Grant Agreement #153333	-	112,205
Total CCDF Cluster				-	112,205
Maternal, Infant, and Early Childhood Home Visiting Program	93.778		Grant Agreement #12566	-	23,318
Total Medicaid Cluster				-	23,318
Passed through Oregon Health Authority:					
Maternal, Infant, and Early Childhood Home Visiting Program	93.870		Grant Agreement #158393	166,636	205,605
Total CFDA 93.870				166,636	205,605
Passed through Health Care Coalition of Oregon:					
Healthy Start Initiative	93.926		Sub Award #H9MC00136-UCAN	-	94,962
Total CFDA 93.926				-	94,962
Passed through Oregon Health Authority:					
Block Grants for Prevention and Treatment of Substance Abuse	93.959		Grant Agreement #153333	-	131,405
Total CFDA 93.959				-	131,405
Passed through Oregon Health Authority:					
Maternal and Child Health Services Block Grant to the States	93.994		Grant Agreement #159851	-	44,963
Total CFDA 93.994				-	44,963
<b>Total U. S. Department of Health and Human Services</b>				<b>\$ 166,636</b>	<b>\$ 6,050,060</b>

**United Community Action Network  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Grant/Contract Number</b>	<b>Passed Through to Sub-recipients</b>	<b>Federal Expenditures</b>
<b>Corporation For National and Community Service</b>					
Direct Program:					
Retired and Senior Volunteer Program (RVSP)	94.002	#16SRPOR003		\$ -	\$ 98,601
Total CFDA 94.002				-	98,601
Passed through State of Oregon Higher Education Coordinating Commission:					
AmeriCorps	94.006	#19AFHOR001	Grant #19-034E	-	290,746
Total CFDA 94.006				-	290,746
<b>Total Corporation For National and Community Service</b>				<b>\$ -</b>	<b>\$ 389,347</b>
<b>Department of Homeland Security</b>					
Passed through United Way of America:					
Emergency Food & Shelter Program National Board Program	97.024	LRO ID: 710800-003		\$ -	\$ 26,927
Emergency Food & Shelter Program National Board Program	97.024	LRO ID: 710800-008		-	2,823
Emergency Food & Shelter Program National Board Program	97.024	LRO ID: 710800-014		-	26,249
Total CFDA 97.024				-	55,999
<b>Total Department of Homeland Security</b>				<b>\$ -</b>	<b>\$ 55,999</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 346,840</b>	<b>\$ 11,174,332</b>

**United Community Action Network**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

**NOTE A – BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of United Community Action Network (the Organization) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C – INDIRECT COST RATE:**

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE D – FOOD DISTRIBUTION:**

Non-monetary assistance is reported on the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2020, the Organization received food commodities totaling \$1,045,714.

**United Community Action Network  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of United Community Action Network (UCAN) were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of UCAN, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

**Federal Awards**

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance for the major federal award programs for UCAN expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance reported on this Schedule.
7. The programs tested as major programs were:

U.S. Department of Agriculture WIC Special Supplemental Nutrition Program for Women, Infants, and Children:	CFDA#s 10.557
U.S. Department of Agriculture Food Distribution Cluster:	CFDA#s 10.568, 10.569
U.S. Department of Transportation Formula Grants for Rural Areas:	CFDA# 20.509
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. UCAN qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARDS FINDINGS**

None